



NEWS RELEASE

**STATE BOARD
OF EQUALIZATION**

450 N Street
Sacramento
California 95814

JOHN CHIANG
Chairman, BOE

RAMON J. HIRSIG
Executive Director

FOR IMMEDIATE RELEASE

NR# 21-C
Date: April 10, 2006
Contact: Anita Gore
Communications Office
(916) 327-8988
Website: <http://www.boe.ca.gov>

CHIANG RELEASES SECOND QUARTER 2005 TAXABLE SALES

John Chiang, Chairman of the California State Board of Equalization (BOE), today announced that taxable sales in California rose during the second quarter of 2005, marking the twelfth consecutive increase in quarterly growth.

Transactions subject to the sales and use tax totaled \$134.7 billion during the second quarter of 2005, an increase of \$9.7 billion or 7.8 percent from the second quarter of 2004. Taxable sales increased 1.6 percent faster than personal income, in line with the general growth trend since 2002.

“Total taxable sales in Los Angeles County are up by \$2.3 billion. That’s 7.5 percent over the same period of 2004,” noted Chair John Chiang, who represents much of Los Angeles County. “The City of Los Angeles itself saw taxable sales grow by 5.9 percent, or \$526 million.”

In constant dollar terms, taxable sales increased by 6.1 percent over the same quarter of 2004. The California Taxable Sales Deflator measured an inflation rate of 1.6 percent for the second quarter of 2005. This is well below an inflation rate of 3.4 percent over the same time period, as measured by the California Consumer Price Index.

Retail stores posted taxable sales of \$93.5 billion, a 7.9 percent increase over the same period in 2004. Both durable and nondurable goods sales saw similar gains, as taxable sales increases were widespread. Retailers of durable goods experienced a 7.9 percent increase, while non-durable goods showed an 8.0 percent increase.

Service station sales increased 13.6 percent in the second quarter of 2005, faster than any other category, with total yield at \$9.7 billion. Gasoline consumption increased 0.9 percent to reach 4.0 billion gallons, partially reversing a 1.6 percent decline seen in the first quarter of 2005. The average price of gasoline during the second quarter of 2005 was \$2.324, a 10.6 percent increase over the same quarter of 2004.

Other nondurable goods categories with sales that grew faster than average included apparel stores and eating and drinking places. The largest nondurable retail category, general merchandise store sales, had the slowest growth rate of the major categories. General merchandise store sales increased 4.5 percent in the second quarter, posting a total of \$13.2 billion.

Sales by new car dealers during the second quarter of 2005 went up 9.1 percent compared to the same quarter of 2004. New vehicle registrations rose 4.0 percent. Sales made by new car dealers reached \$16.1 billion, by far the largest total taxable sales of any retail category.

Most other categories of retail sales of durable goods saw increases slightly below the statewide average. Sales at specialty stores, such as office supply stores, rose 6.8 percent to reach \$12.5 billion. Retailers of building materials registered sales of \$9.3 billion, a 6.5 percent gain.

Household and home furnishings sales also increased 6.5 percent.

Construction contractors saw strong growth over the same period in 2004 with taxable transactions of \$5.9 billion, an increase of 10.1 percent. This high growth rate is consistent with an 11.6 percent increase in building permit values during the same time period.

Business and personal services had taxable transactions of \$6.0 billion, an increase of 6.9 percent. All other sales outlets, comprised primarily of manufacturing and wholesale businesses, saw their taxable transactions improve by 7.5 percent to reach \$35.3 billion.

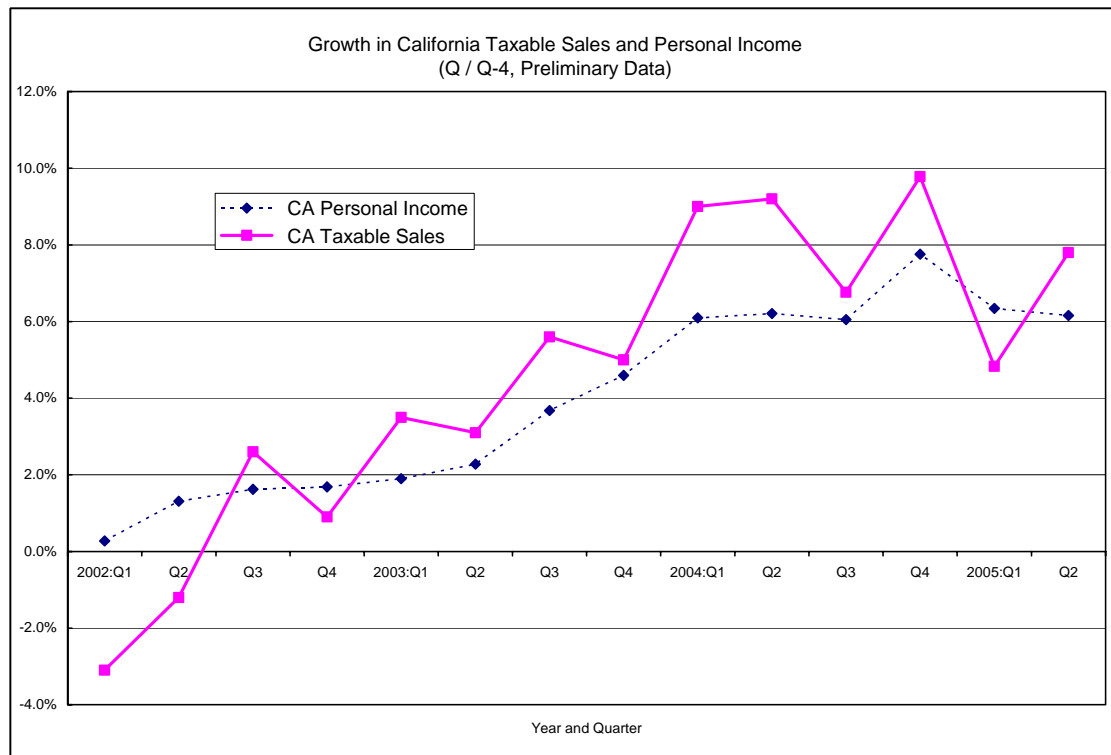
Chairman John Chiang, of Los Angeles, was elected to his first term as Fourth District Member on the State Board of Equalization in 1998, and re-elected in 2002. He was named Chair of the Board in December 2004. He also presided as Chair in 2002.

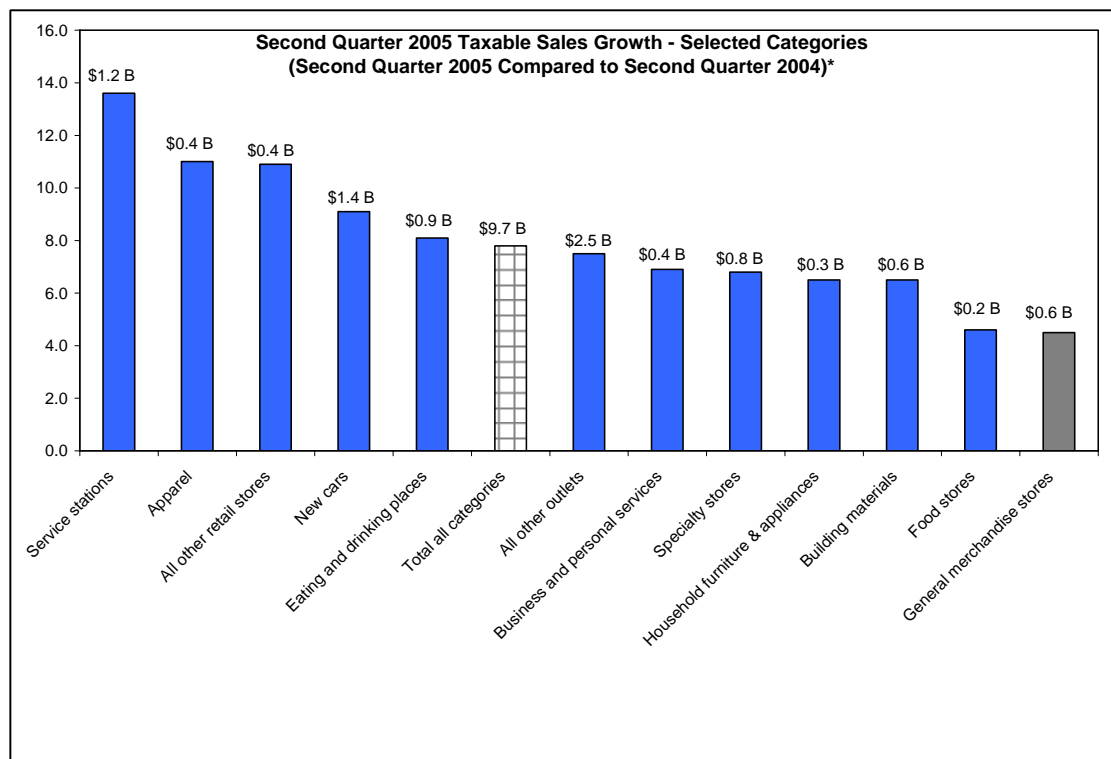
The five-member Board of Equalization is a publicly elected tax board. The Board collects almost \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

Other Board Members include Betty T. Yee of San Francisco, Acting Member, First District; Bill Leonard of Sacramento/Ontario, Second District; Claude Parrish of Long Beach, Third District; and State Controller Steve Westly.

(View *Second Quarter 2005 Statewide Taxable Sales* by [Type of Business](#), *Taxable Sales* by [County](#), or *Taxable Sales* by [City](#).)

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** This chart highlights specific categories, but is not all-inclusive. Please see links above for other figures.*